



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE SERVICES
DEPARTMENT OF LABOR & ECONOMIC GROWTH
DAVID C. HOLLISTER, DIRECTOR

LINDA A. WATTERS
COMMISSIONER

BILL ANALYSIS

BILL NUMBERS: House Bill Nos. 4997, 4998, 4999, 5000
TOPIC: Eliminates duplicate filing of suspicious activity reports with the Michigan Department of State Police
SPONSORS: Representatives Hunter, Clemente, Hune and Green
CO-SPONSORS: Representatives Byrnes, Mayes, and Sak
COMMITTEE: Committee on Banking and Financial Services
Analysis Done: July 11, 2005

POSITION

The Office of Financial and Insurance Services supports this legislation.

PROBLEM/BACKGROUND

Currently, the Banking Code of 1999, Savings Bank Act, Savings and Loan Act of 1980, and Credit Union Act require their respective regulated institutions to file suspicious activity reports (SAR) with the Department of State Police if the institutions file SAR with an agency of the federal government. These provisions were placed into law in 2003 when it was difficult for the Department of State Police to obtain information in these filings from the Financial Crimes Enforcement Network (FinCEN), the federal agency in charge of the SAR filing and information retrieval process.

Due to upgrades in the FinCEN systems in the intervening time period, the Michigan Department of State Police now has ready access to the SAR filed at the federal level. By eliminating this unnecessary filing requirement, the Michigan Legislature will be reducing a regulatory burden on the state-chartered institutions subject to the acts being amended by these bills.

DESCRIPTION OF BILL

The bills would eliminate the requirement for a state-chartered financial institution to file duplicate SAR with the Department of State Police as currently required under the Banking Code of 1999, Savings Bank Act, Savings and Loan Act of 1980, and the Credit Union Act.

SUMMARY OF ARGUMENTS

Pro

The bills would eliminate the unnecessary duplicate filing of SAR with the Department of State Police. The Department of State Police currently has access to the SAR database thereby making the filing requirements under the four statutes redundant.

Con

OFIS knows of no arguments against the bills.

FISCAL/ECONOMIC IMPACT

OFIS has identified the following revenue or budgetary implications in the bill as follows:

(a) To the Office of Financial and Insurance Services:

Budgetary: None.
Revenue: None.
Comments:

(b) To the Department of Labor and Economic Growth:

Budgetary: None.
Revenue: None.
Comments:

(c) To the State of Michigan:

Budgetary: None.
Revenue: None.
Comments:

(d) To Local Governments within this State:

Comments: None.

OTHER STATE DEPARTMENTS

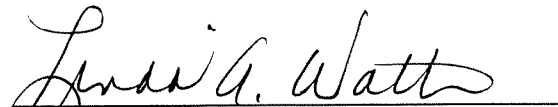
In a memo to OFIS dated January 27, 2005, F/Lt. Greg Zarotney of the Michigan State Police indicated that they are supportive of these bills to eliminate the duplicate filing of SAR documents.

ANY OTHER PERTINENT INFORMATION

OFIS has had conversations with personnel from FinCEN who are supportive of this proposal to eliminate the duplicate filing requirement.

ADMINISTRATIVE RULES IMPACT

OFIS has general rulemaking authority in each of the acts amended by these bills, but do not anticipate a need to promulgate rules to administer these provisions.



Linda A. Watters
Commissioner

7-11-05

Date



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF STATE POLICE
EAST LANSING



COL. TADARIAL J. STURDIVANT
DIRECTOR

DATE: January 27, 2005

TO: Krystal K. Rourke, Office of Financial and Insurance Services,
Department of Labor and Economic Growth

FROM: F/Lt. Greg Zarotney, Michigan State Police

SUBJECT: Suspicious Activity Reports

The Department of State Police has reviewed the proposal to eliminate the reporting of Suspicious Activity Reports (SARs) to our department in addition of the Federal Government (Financial Crimes Enforcement Network or FinCEN) as required in MCL 487.3514, 487.14406, 490.307, and 491.1135.

Due to technological advancements, the Department of State Police supports this proposal.